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Skills shortages impact on the WA economy: ABS

The skills shortage in Western Australia was a significant contributor to the fall in the state's economic growth from 8% in 2003-04, to 3% in 2004-05 at the height of the shortage.

The impact of the skills shortage influenced a deceleration in business investment growth (from 28% in 2003-04 to 11%), and an increase in wages and consumer prices.

With skills shortages appearing to have constrained growth in the Western Australian economy, the Australian Bureau of Statistics released a special article today examining the factors driving the state's skills shortage and the impact it has had on the economy, in the publication **Western Australian Statistical Indicators**.

The article explains there are three key reasons for the skill shortage:

- There were less skilled workers available because of the rapid expansion of the state's resources sector. Since 2001-02, Western Australia's exports to China doubled to $6.5 billion in 2004-05. As a result, employment in the mining industry rose by close to a third (9,942 people or 31%) over the period.
- In conjunction with resources sector growth, strong property market activity also triggered the demand for skilled workers in the industries of property and business services and construction. Employment rose by 19% (19,200 people) in the state's property and business services industry and by 16% (12,900 people) in the construction industry - the strongest rates of growth among the state's industries between 2001-02 and 2004-05.
- Fewer skilled workers were available because of reduced participation in education and training (course enrolments fell by 8,900 people from May 2002 to May 2005). Other contributing factors include a slowing in population growth and an ageing of the labour force.

The March 2006 issue of **Western Australian Statistical Indicators** also includes a feature article on recent expenditure patterns of Western Australian households.

Western Australian Statistical Indicators (cat. no. 1367.5) also contains a range of other information on the state's economy.

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